

Message Text

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TO AMEMBASSY JAKARTA PRIORITY

C O N F I D E N T I A L STATE 058231

STADIS////////////////////////////////////
EXDIS

PASS AMBASSADOR VANCE

FOL REPEAT STATE 058231 SENT ACTION MANILA INFO GENEVA
MARCH 14, 1975

QUOTE

C O N F I D E N T I A L STATE 058231

STADIS

EXDIS

E.O. 11652: GDS
"

TAGS: SNAR

SUBJECT: NARCOTICS: MARTENS VISIT

FOR AMBASSADOR VANCE

1. SUMMARY: DURING MARTENS' VISIT TO S/NM MARCH 13, DIS-
CUSSIONS CONFINED TO TURKISH PROGRAM. MOST SALIENT FEATURE
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OF DISCUSSION WAS MARTENS INFORMALLY SOUNDING OUT US POSI-

TION REGARDING "NEW THOUGHTS" ON COMPENSATION ARRANGEMENT WHICH WOULD COMMIT UN TO A TOTAL CONTINGENT LIABILITY OF DOLLARS 7 MILLION OVER A THREE-YEAR PERIOD. MARTENS STRESSED THE DESIRE TO HAVE A REACTION BEFORE THE NEXT ROUND OF NEGOTIATIONS TOOK PLACE MARCH 18. MARTENS ALSO REPORTED IBRD'S LACK OF INTEREST IN ALKALOID FACTORY, BUT POSSIBLE FUTURE INTEREST IN AGRICULTURAL DEVELOPMENT PROJECTS. SEPARATE MEETING FOLLOWED WITH MANBY AND GEORGE BELK REGARDING STATUS OF TURKISH NARCOTICS INTELLIGENCE PROGRAM. END SUMMARY.

2. DURING COURSE MEETING WITH MARTENS, WHO WAS ACCOMPANIED BY MERVIN MANBY, IT WAS CLEAR THAT MARTENS' THINKING ON THE COMPENSATION FORMULA HAD BEEN ALTERED SOMEWHAT AS A RESULT OF HIS VISIT TO UN HEADQUARTERS. MARTENS MENTIONED THAT GEORGE DAVIDSON WAS CONCERNED THAT UN WAS ENTERING

INTO AN OPEN-ENDED COMMITMENT TO THE GOVERNMENT OF TURKEY TO PROVIDE COMPENSATION, IF NEEDED, UNTIL SUCH TIME AS THE ALKALOID FACTORY ON LINE. IN REGARD TO DAVIDSON'S CONCERN OF HOW MUCH AND HOW LONG, MARTENS SOUNDED US OUT TO DETERMINE IF WE WOULD FAVOR THE UN ENTERING INTO A THREE-YEAR COMMITMENT NOW WHICH WOULD LIMIT UN'S MAXIMUM LIABILITY TO DOLLARS 7 MILLION ON A DECLINING SCALE RANGING FROM DOLLARS 4 MILLION THE FIRST YEAR TO DOLLARS 2 MILLION THE SECOND YEAR AND A FINAL YEAR LIABILITY OF DOLLARS 1 MILLION. MARTENS AND MANBY ARGUED THAT THIS FORMULA, IF ACCEPTED BY THE TURKS, WOULD HELP PRECLUDE COMPENSATION QUESTION BEING REOPENED AGAIN NEXT YEAR WITH THE POSSIBLE ESCALATION OF THE PRICE TAG. HE ALSO CONFIRMED THAT, BASED ON ALL AVAILABLE DATA, THE ECONOMIC RETURN FOR THE SALE OF POPPY STRAW SHOULD MORE THAN COMPENSATE FOR THE PRICE PAID TO THE FARMER BY TMO. IN CONCLUSION, MARTENS STRESSED THE URGENCY OF THE UN AND GOT TO REACH EARLIEST AGREEMENT ON AND ANNOUNCEMENT OF PRICE PAID TO THE FARMERS, BUT THIS TIED INTO THE OVERALL COMPENSATION QUESTION ON WHICH THE NEXT ROUND OF NEGOTIATIONS WILL TAKE PLACE NEXT WEEK.

3. S/NM EXPRESSED MARKED SURPRISE AND CONCERN THAT THE UN
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WAS NOW CONSIDERING GOING BEYOND A ONE-YEAR COMMITMENT AND AN APPROXIMATE DOLLARS 2.8 MILLION MAXIMUM. WHILE WE NOTED MARTENS WAS OBVIOUSLY IN BEST POSITION TO DETERMINE WHAT WOULD BE THE MOST SUITABLE NEGOTIATED ARRANGEMENT BETWEEN THE UN AND THE GOT, WE ALSO NOTED A NUMBER OF DONORS WOULD LIKELY RAISE SERIOUS CONCERN THAT THE UN WOULD CONSIDER COMMITTING AT THIS TIME A POSSIBLE DOLLARS 7 MILLION OF ITS RESOURCES TO THE COMPENSATION PROGRAM ALONE.

WE ALSO SUGGESTED UN WOULD HAVE A BETTER INSIGHT INTO FUTURE YEARS' NEEDS AFTER EXPERIENCE OF FIRST YEAR AT WHICH TIME WE WOULD HAVE TESTED THE ADEQUACY OF THE FORMULA AND, MORE IMPORTANTLY, THE TURKS' PERFORMANCE ON THE ENFORCEMENT SIDE. DISCUSSIONS ON THIS SUBJECT CONCLUDED BY S/NM ASKING MARTENS TO KEEP US ADVISED AS HIS THINKING DEVELOPED. HE SOUGHT BUT WAS NOT PROMISED OUR CONSIDERED RESPONSE TO HIS INFORMAL PROPOSAL BEFORE HE MEETS KIRCA FOR THE NEXT ROUND OF NEGOTIATIONS ON MARCH 18.

4. ON QUESTION OF ALKALOID FACTORY, MARTENS APPRISED US IBRD WAS NOT VERY INTERESTED IN FINANCING THE OPERATION. BANK BELIEVED THIS TYPE OF ENTERPRISE COULD SECURE ADEQUATE FINANCING FROM TURKISH INTERMEDIATE CREDIT INSTITUTIONS, SUCH AS THE TURKISH DEVELOPMENT BANK, WHICH IS MAJOR

RECIPIENT OF DONOR AID. ON THE POSITIVE SIDE, HOWEVER, THE IBRD SUGGESTED THAT IT MIGHT BE INTERESTED IN FUTURE IN FINANCING THE CONTINUED DEVELOPMENT OF ALTERNATIVE CROPS IN THE POPPY GROWING AREA.

5. ON THE ENFORCEMENT SIDE, MARTENS INFORMED US THAT THINGS WERE MOVING SATISFACTORILY AND THE TURKS HAVE BEEN QUITE FAVORABLY IMPRESSED BY THE SPEED WITH WHICH UN IS MOVING ON THE GOT REQUEST FOR ASSISTANCE. IN A SIDE DISCUSSION, MANBY ASKED US TO HELP HIM FACILITATE THE DELIVERY OF A COMPASS TRIP PACKAGE TO TURKEY. WE WILL BE SENDING HIM COMPLETE DETAILS AND RECOMMENDATIONS ON A PRIME CONTRACTOR FOR THE COMPASS TRIP SYSTEM WITHIN THE NEXT FEW DAYS.

6. AFTER MARTENS' DEPARTURE, MANBY HAD DISCUSSIONS WITH CONFIDENTIAL

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GEORGE BELK AND HIS STAFF REGARDING THE STATUS OF THE TURKISH NARCOTICS INTELLIGENCE PROGRAM. IT WAS AGREED THAT THIS PROGRAM WAS STILL SUBJECT TO FURTHER BILATERAL DISCUSSION BETWEEN THE US AND THE GOT, BUT THAT THE UN WOULD CONTINUE TO PROVIDE INDIRECT SUPPORT TO OUR EFFORTS IN THAT AREA BY HELPING TO PERSUADE THE TURKS OF ITS IMPORTANCE AND BY ASSURING, TO THE EXTENT POSSIBLE, THAT UN TRAINING AND EQUIPMENT PROGRAMS WOULD MESH INTO AN INTELLIGENCE OPERATION.

7. COMMENT: WHILE IT IS CERTAINLY IMPORTANT TO HAVE PRICE TO FARMER ANNOUNCED EARLIEST, THIS SHOULD NOT STAMPEDE UNFDAC INTO AGREEING TO COMMITMENT THAT WOULD BE EXCESSIVE. WE GAVE MARTENS A CLEARLY NEGATIVE INITIAL RESPONSE TO HIS "NEW THOUGHTS." BELIEVE PRESENT TRACK

OF NEGOTIATIONS, I.E., POINT TO POINT REBUTTAL TO TURKISH
FORMULA AND KEEPING TO ONE-YEAR CONTINGENCY LIABILITY
SHOULD CONTINUE AND THAT ONLY IF NO SATISFACTORY PROGRESS
ACHIEVED IN THAT WAY SHOULD WE CONSIDER BLESSING THESE OR
ANY OTHER "NEW THOUGHTS" WHICH SWEETEN THE ARRANGEMENT FOR
THE TURKS. INGERSOLL

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